

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	HALE MALUHIA
Project Address	54-083 Hauula Homestead Road Hauula, Hawaii 96717
Registration Number	7216 (Conversion)
Effective Date of Report	April 26, 2012
Developer(s)	RICHARD STUART COBURN and RENEE DARLENE COBURN, Trustees of the Coburn Family Trust, dated March 29, 1990

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

SPECIAL NOTICE

This is a condominium project, not a subdivision, and the project does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a limited common element and is not a legally subdivided lot. The dashed lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

Facilities and improvements normally associated with county approved subdivisions may not necessarily be provided for and services such as county street maintenance and trash collection may not be available for interior roads.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

If you are a typical condominium unit owner, you will have two kinds of ownership: (1) ownership in your individual unit; and (2) a percentage interest in the common elements.

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	54-083 Hauula Homestead Road Hauula, Hawaii 96717
Address of Project is expected to change because	No change
Tax Map Key (TMK)	(1) 5-4-008-002
Tax Map Key is expected to change because	Each Unit will be assigned a new Tax Key Number
Land Area	34,685 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	3
Floors Per Building	2
Number of New Building(s)	0
Number of Converted Building(s)	3
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood, concrete, glass and other allied materials

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
See Exhibit <u> A </u> .						

6	Total Number of Units
---	------------------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stall in the Project:	12
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit <u> A </u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit B
--

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): See Exhibit C
--

1.7 Common Interest

<u>Common Interest:</u> Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit _____ . As follows: Unit 54-083: 16.66%; Unit 54-083A: 16.66%; Unit 54-085: 16.66%; Unit 54-085A: 16.66%; Unit 54-087: 16.66%; Unit 54-087A: 16.70%

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Park

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit D.

Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit E.

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Exhibit F
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit G describes the encumbrances against title contained in the title report described below.

Date of the title report: February 6, 2012

Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/>	Residential	6	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	R-5
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Other (Specify):		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots			
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>			
	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>			

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	<input checked="checked" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable
Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: Subject to normal wear and tear commensurate with its age, each of the buildings appear to be in fair to good structural condition consistent with their age; Subject to normal wear and tear, the electrical and plumbing systems are operable and in fair working order.	
Developer's statement of the expected useful life of each item reported above: No statement is made.	
List of any outstanding notices of uncured violations of any building code or other county regulations: 	
Estimated cost of curing any violations described above: 	

Verified Statement from a County Official
Regarding any converted structures in the project, attached as Exhibit <u> H </u> is a verified statement signed by an appropriate county official which states that either:
<div style="margin-left: 20px;"> (A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: <div style="margin-left: 20px;"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; </div> <div style="text-align: center; margin: 10px 0;">or</div> (B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above. </div>
Other disclosures and information:

1.16 Project In Agricultural District

Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No If the answer is "No", provide explanation.	
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	<p>Name: RICHARD STUART COBURN and RENEE DARLENE COBURN, Trustees of the Coburn Family Trust, dated March 29, 1990</p> <p>Business Address: 373 S. 660 East Circle St. George, UT 84770</p> <p>Business Phone Number :</p> <p>E-mail Address: rcoburn767@msn.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	
2.2 Real Estate Broker	<p>Name: None selected, see page 18</p> <p>Business Address:</p> <p>Business Phone Number:</p> <p>E-mail Address:</p>
2.3 Escrow Depository	<p>Name: Title Guaranty Escrow Services, Inc.</p> <p>Business Address: 235 Queen Street, 1st Floor Honolulu, HI 96813</p> <p>Business Phone Number: (808) 521-0211</p>
2.4 General Contractor	<p>Name:</p> <p>Business Address:</p> <p>Business Phone Number:</p>
2.5 Condominium Managing Agent	<p>Name: Self-managed by the association</p> <p>Business Address:</p> <p>Business Phone Number:</p>
2.6 Attorney for Developer	<p>Name: Jeffrey S. Grad</p> <p>Business Address: 841 Bishop Street, Suite 1800 Honolulu, HI 96813</p> <p>Business Phone Number: (808) 521-4757</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	August 30, 2011	A-44200778

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 20, 2012	A-44970616

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	August 30, 2011	A-44200779

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	5064
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input type="checkbox"/>	
Developer does not plan to adopt House Rules	<input checked="" type="checkbox"/>	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input type="checkbox"/>	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.	
The initial Condominium Managing Agent for this project is (check one):	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.
Exhibit <u>K</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u> 1 </u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: August 30, 2011 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u> </u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit <u> </u> .
<input checked="" type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If the Developer defaults under the sales contract and refunds the Buyer's deposits, less escrow cancellation fees, the Buyer shall have no further interest in the Project.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements:

AS IS

Appliances:

AS IS

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction:
The Units were constructed/alterd in 2008.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

Box A <input type="checkbox"/>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p>Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
Box B <input type="checkbox"/>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the Important Notice Regarding Your Deposits set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the Important Notice Regarding Your Deposits set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. DISCLOSURE RE: NON SELECTION OF REAL ESTATE BROKER. As of the effective date of this Developer's Public Report, the Developer has not executed a listing agreement for the sale of this condominium project with any duly licensed Hawaii real estate broker. Thus, the developer cannot offer to sell or sell any units in this registered condominium project until:

- 1) the developer executes a listing agreement for the sale of this condominium project,
- 2) amends this developer's public report to reflect the new information, and
- 3) delivers this public report and amendment to the prospective purchaser.

The conditions for binding sales contract are listed on pages 16-17 paragraph 5.8.1.

2. HAZARDOUS MATERIALS. The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

3. LEAD WARNING STATEMENT. Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

4. CLUSTER PERMIT. The Project was developed in accordance with a Cluster Permit for six dwelling units issued by the City and County of Honolulu. The Cluster Permit contained several conditions that would have applied in the future to Unit Owners and to the Project. The Land Use Ordinance has been amended since the Cluster Permit was obtained. The effect of the amendment was to make the Cluster Permit unnecessary. The Developer was granted a request to rescind the Cluster Permit. A copy of the rescission is attached as a portion of Exhibit H to the Public Report.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.


For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

RICHARD STUART COBURN and RENEE DARLENE
COBURN, Trustees of the Coburn Family Trust, dated
March 29, 1990

Printed Name of Developer

By:



Duly Authorized Signatory*

August 30, 2011
Date

RICHARD STUART COBURN, Trustee

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

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RICHARD STUART COBURN and RENEE DARLENE
COBURN, Trustees of the Coburn Family Trust, dated
March 29, 1990

Printed Name of Developer

By: 
Duly Authorized Signatory*

August 30, 2011
Date

RENEE DARLENE COBURN, Trustee

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A
Unit Types and Sizes of Units; Parking

Unit Types and Sizes of Units. Section 2.2 (a)(3) of the Declaration states:

- “(3) Descriptions of Units. The location, interior net living area, the non-living area and the number of bedrooms and bathrooms of each Unit are as follows:
- (A) Unit 54-083 is located on the first floor of Building 54-083. The Unit is located on a single floor and contains a total of three (3) bedrooms and one (1) bathroom, living room, kitchen, and laundry room. The total net living area of the Unit is approximately 1,006 square feet.
 - (B) Unit 54-083A is located on the second floor of Building 54-083. The Unit is located on a single floor and contains a total of three (3) bedrooms and two (2) bathrooms, living room, kitchen, laundry room, and covered balcony. The total net living area of the Unit is approximately 842 square feet. The approximate areas of the other portions of the Unit include a covered balcony of 307 square feet.
 - (C) Unit 54-085 is located on the left (westerly) side of Building 54-085. The Unit is located on a single floor and contains a total of two (2) bedrooms and two (2) bathrooms, living room, kitchen/dining area, and entry. The total net living area of the Unit is approximately 1,050 square feet. The approximate area of the entry is 35 square feet.
 - (D) Unit 54-085A is located on the right (easterly) side of Building 54-085. The Unit is located on two (2) floors and contains a total of three (3) bedrooms and two (2) bathrooms, living room/dining area, kitchen, and entry. The total net living area of the Unit is approximately 1,833 square feet. The approximate area of the entry is 35 square feet.
 - (E) Unit 54-087 is located on the left (westerly) side of Building 54-087. The Unit is located on a single floor and contains a total of two (2) bedrooms and two (2) bathrooms, living room, kitchen/dining area, and entry. The total net living area of the Unit is approximately 1,050 square feet. The approximate area of the entry is 35 square feet.
 - (F) Unit 54-087A is located on the right (easterly) side of Building 54-087. The Unit is located on two (2) floors and contains a total of three (3) bedrooms and two (2) bathrooms, living room/dining area, kitchen, and entry. The total net living area of the Unit is approximately 1,833 square feet. The approximate area of the entry is 35 square feet.”

Parking. Each Unit has appurtenant thereto and reserved for its exclusive use the following parking stalls:

- Unit 54-083 – one (1) covered parking stall and one (1) uncovered parking stall
- Unit 54-083A – two (2) uncovered parking stalls
- Unit 54-085 – two (2) covered parking stalls
- Unit 54-085A – two (2) covered parking stalls

Unit 54-087 – two (2) covered parking stalls
Unit 54-087A – two (2) covered parking stalls

such stalls having the same number as the Unit to which they are appurtenant, as shown on the site map portion of the Condominium Map.

END OF EXHIBIT A

EXHIBIT B
Boundaries of the Units

Section 2.2 (b)(3) of the Declaration states:

“(b) Unit Boundaries.

- (1) Each Unit shall be deemed to include (A) all the walls and partitions which are not load-bearing within its perimeter walls, (B) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Unit which are utilized for and serve only that Unit, (C) the inner decorated or finished surfaces of all walls, floors and ceilings, (D) any doors or panels along the perimeter walls of such Unit, (E) all exterior windows, cranks, frames and other window or sliding door hardware, (F) all appliances and fixtures installed therein and replacements thereof, (G) any adjacent lanai and foyer to which such Unit has direct, exclusive access, and (H) any air conditioning equipment or apparatus within the Unit).
- (2) Each Unit shall not be deemed to include: (A) the undecorated or unfinished surfaces of the perimeter (including party) walls, interior load bearing walls, or lanai slabs or railings, (B) the undecorated or unfinished surface of the floors and ceilings surrounding each Unit, or (C) any pipes, shafts, ducts, pumps, valves, wires, conduits or other utility or service lines which are utilized for or serve more than one Unit, the same being deemed Common Elements as hereinafter provided.
- (3) Net Living Area provided above is the floor area of the Unit measured from the interior surface of the Unit perimeter walls. Other documents and maps may give floor area figures which differ from those shown here because a different method of determining the floor area may have been used.”

END OF EXHIBIT B

EXHIBIT C
Permitted Alterations to the Units

Article 13 of the Declaration states:

"13.1 General Provisions. Except as otherwise expressly provided in this Article 13 to the contrary, or pursuant to Article 14 following, restoration or replacement of the Project or any portion thereof or construction of any additional building or structural alteration or addition to any building, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Unit Owner only pursuant to an amendment of the Declaration in accordance with Article 15, below, duly executed pursuant to the provisions thereof, accompanied by the written consent, as may be required, of the holders of all liens affecting any of the Units involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement or construction the Association or Owner, as the case may be, shall duly record or file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

13.2 Additions or Alterations Solely Within a Unit. Subject to the provisions of the Declaration, the Bylaws, the House Rules, and the Act, each Owner of a Unit shall have the right, at any time, and from time to time, at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Unit Owner or the amendment of the Declaration, but with the prior approval of the Board and with the presentation of such plans and specifications and other materials as the Board may require as is more fully set forth in Section 10.6 of the Bylaws, to make any of the following alterations solely within the Unit space as defined in Section 2.2(b) above: to install, maintain, remove, and rearrange non-structural partitions and other structures from time to time within such Unit, and to paint, paper, panel, plaster, tile, finish, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls within any such Unit and to finish, alter or substitute any plumbing, electrical or other fixtures attached to said ceilings, floors and walls as shall be appropriate for the utilization of such Unit by such Owner or the tenants or lessees thereof; provided, however, that nothing contained in this Section shall authorize any work or alteration which would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, adversely affect any Common Element, including, but not limited to, any structural walls, or any other Unit, alter the uniform external appearance of the Project, or affect or impair any easement or right of any other Unit Owner.

13.3 Adjoining Units May Be Connected. The Owner of any two adjoining Units may, at the Owner's sole expense, alter or remove all or portions of the nonstructural or non-load bearing portion of the intervening wall which separates such Units if the structural integrity of the Project is not thereby affected and if the Common Elements affected are restored to a condition comparable to that of the Common Elements prior to such alteration of such Common Elements; provided, however, that the requirements of the following sentences regarding load-bearing walls shall also apply. If, in any such permitted alteration, the intervening wall affected is a load-bearing wall then, in addition to all other requirements set forth herein, any alteration or removal of all or portions of such wall shall also be done pursuant to written plans and specifications drawn by a structural engineer for the Project or the Project Architect, as approved by the Board, and such work shall be personally supervised by said engineer, which requirement shall also apply to any change in such alteration, including any re-closure of such connection or opening. Any Owner making the alterations permitted hereunder shall secure a

performance and payment bond naming as obligees said Owner and collectively the Owners of all other Units as their interests may appear in a penal sum of not less than one hundred percent (100%) of the cost of any construction, guaranteeing the payment of funds in an amount necessary to ensure the completion thereof free and clear of all mechanic's and materialmen's liens, and that any such construction shall be carried out in strict compliance with all applicable laws, rules and regulations. The approval of the Board shall be required to perform the alterations permitted herein, which approval shall be given provided that each Owner of the adjoining Units complies with all the terms and conditions relating to said alterations set forth herein. Each Owner of such adjoining Units may install in and attach to such opening or openings in such wall, doors and other service devices and may remove and retain ownership of the items so installed. Upon the termination of the common ownership of such adjoining Units, any intervening wall which has been altered or removed pursuant to the foregoing provisions shall be restored at the Owner's expense to substantially the condition which existed prior to such alteration or removal, if the new Owner or Owners do not consent to such alteration, which restoration shall meet the same requirements of this Section.

13.4 Unit Owners to Execute Amendment Documents in Certain Cases. In the event that any change or alteration made in accordance with this Article 13 requires an amendment to the Declaration and/or to the Condominium Map, such amendment shall be executed by the Owner of the affected Unit or Units, and shall become effective upon recordation in the Recording Office. Such amendment shall not require the consent or joinder of the Owner of any other Unit or any other person or entity, other than any mortgagee of such Unit or Units."

END OF EXHIBIT C

EXHIBIT D
Common Elements

Section 2.3 of the Declaration states:

"2.3 **Common Elements.** One freehold estate is hereby designated in all remaining portions of the Project ("**Common Elements**"), including specifically but not limited to:

- (a) The Land, in fee simple, and any and all easements and appurtenances thereto.
- (b) All unfinished, undecorated portions of all perimeter (including party) walls and interior load-bearing walls, the undecorated or unfinished surfaces of floors and ceilings, all lanai slabs and railings, all structural components, foundations, floor slabs, columns, girders, beams, supports, shafts, ceilings and spaces between the ceiling and the floor slab or roof above, roofs and exterior surfaces of the Project, including any paint or coating thereon.
- (c) All yards, gardens, grounds, planters, trellises and landscaping and all leaching fields and septic and refuse facilities, if any, whether within or appurtenant to the Project.
- (d) All roads, driveways, ramps, parking stalls, loading areas or zones, and walkways which are rationally of common use by Owners of more than one Unit.
- (e) All ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one Unit and other central and appurtenant transmission facilities over, under and across the Project which serve more than one Unit for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
- (f) The hallways, corridors, stairs, stairways, garbage or electrical rooms, and other similar areas which are not part of a Unit and are shown on the Condominium Map.
- (g) The area dedicated for private park use as shown on the site map portion of the Condominium Map and set forth in DECLARATION OF RESTRICTIVE COVENANTS (PRIVATE PARK), dated December 26, 2007, recorded as Document No. 2008-006249, referred to in Exhibit A.
- (h) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use."

END OF EXHIBIT D

EXHIBIT E
Limited Common Elements

Section 2.4 of the Declaration states:

"2.4 Limited Common Elements. Certain parts of the Common Elements ("**Limited Common Elements**") are hereby designated, set aside and reserved for the exclusive use of a certain Unit or Units, and such Unit or Units shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. Except as specifically provided herein, the costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements shall be borne by the Owner of the Unit or the Owners of the Units to which the Limited Common Element is appurtenant.

Notwithstanding anything to the contrary contained in this Declaration, no amendment of the Declaration affecting a Limited Common Element appurtenant to a Unit or Units shall be effective without the consent of the Owner or Owners affected. Any Owner may transfer or exchange a Limited Common Element that is assigned to the Owner's Unit to another Unit. Any transfer shall be executed and recorded as an amendment to the Declaration. The amendment need only be executed by the Owner of the Unit whose Limited Common Element is being transferred and the Owner of the Unit receiving the Limited Common Element; provided that Unit mortgages and leases may also require the consent of mortgagees or lessors, respectively, of the Units involved. A copy of the amendment shall be promptly delivered to the Association.

The Limited Common Elements hereby designated, set aside and reserved are as follows:

- (a) Mail Boxes. Each Unit shall have appurtenant thereto and reserved for its exclusive use one or more mailboxes located in the Project, such mailboxes to be allocated among the Units from time to time in the discretion of the Board.
- (b) Pipes, utility lines etc. Each Unit shall have appurtenant thereto and reserved for its exclusive use all pipes, wires, ducts, conduits or other utility or service lines located within or running through the Unit and utilized by or serving only that Unit.
- (c) Parking. Each Unit shall have appurtenant thereto and reserved for its exclusive use two (2) parking stalls, such stalls having the same number as the Unit to which they are appurtenant, as shown on the site map portion of the Condominium Map. (Parking stalls may be transferred from one Unit to another in accordance with the Act; provided, however, that no Unit shall have no less than one (1) appurtenant parking stall.)
- (d) Gates, Windows, Doors, Etc. Any shutters, awnings, window boxes, fences, gates and all exterior doors, windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements appurtenant exclusively to that Unit.
- (e) Carports. Each of the three (3) carports in the Project (as opposed to the parking stalls located therein that are addressed in (c) above) is a Limited Common Element appurtenant to those Units whose designated parking stall or stalls are located within such carport.

(f) Private Septic Systems. Each of the three (3) private septic systems located in the Project (including without limitation all septic tanks and leaching fields and equipment used in connection therewith) now or hereafter located on the Land which is not hooked into a public sewer or septic system is a limited common element for the exclusive use of the two (2) Units that are being serviced by such system.

(g) Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit or Units to which is rationally related."

END OF EXHIBIT E

EXHIBIT F
Special Use Restrictions

Article 6 of the Declaration states:

6.1 Residential Use. The Units may be occupied and used only for residential purposes and for such other uses, including home occupations, that are permitted under the Land Use Ordinance, Chapter 21, Revised Ordinances of Honolulu 1990, as amended ("**LUO**"), then in effect.

6.2 Time Sharing and Transient Rental. The Units may not be used for timesharing, as such term is defined in Hawaii Revised Statutes, Chapter 514E and may not be rented or used for transient or hotel purposes, which are defined in HRS 514E as rental for any period less than thirty (30) days.

6.3 Owners' Right to Rent and Sell. An Owner shall have the absolute right to sell or otherwise transfer his Unit, subject to all provisions of the Act, the Declaration and the Bylaws. Subject to Paragraph 6.1 and Paragraph 6.2, an Owner shall have the absolute right to lease his Unit subject to all provisions of this Declaration, the Bylaws, and the House Rules; provided, however, that all leases shall be in writing, signed by the Owner or Owner's representative and the tenant.

6.4 Prohibition of Activities Which Jeopardize the Project. No Owner shall do or suffer or permit to be done anything to any Unit or appurtenant Limited Common Element or elsewhere on the Project which will (a) jeopardize the safety or soundness of the Project, or (b) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, or (c) result in the cancellation of any insurance required for the Project by the Bylaws.

6.5 Prohibition of Unauthorized Alteration or Decoration to the Exterior and Common Areas of the Project. No Owner of a Unit shall, without the written approval and consent of the Board, place or permit the attachment, hanging, projection or protrusion of any object, garments or materials of any kind from the roofs, exterior walls, windows, lanais, or doors of the Units, or the placement of any other matter or decoration within or without the Unit which shall be visible from the exterior of the Project, nor shall any Owner change or alter any of the exterior glass windows in any way, except in compliance with the building standards and as approved by the Board, nor shall any Owner change the exterior appearance of the Project in any manner.

6.6 Owners to Maintain Units in Good Repair. The Owner of a Unit shall keep the interior of such Unit and all plumbing, electrical, air conditioning and other fixtures and appurtenances in good order and repair and shall be responsible for any damage or loss caused by failure to do so. The Owner of a Unit shall also keep all exterior windows and doors in good order and repair and shall maintain or replace such windows and doors in accordance with instructions provided by the Association, acting through its Board, which instructions may include, among other items, requirements as to type, age, manufacturer and appearance of such windows and doors. In the event that an Owner does any work within a Unit which exposes plumbing within the walls of the Unit, then the Owner must, with the Board's prior written approval, make any necessary repairs to such exposed plumbing in the course of the Owner's work.

6.7 Owners Use of Private Septic Systems. No Owner of a Unit to which is appurtenant a private septic system shall do or suffer or permit to be done anything that will jeopardize the safety or soundness of the system or create a nuisance or interfere with or unreasonably disturb the rights of

other Owners to use such system. A Unit Owner shall use his Unit and utilize such septic system in accordance with applicable laws. A Unit Owner shall notify the Association promptly after any damage to the system or creation of any nuisance relating to it. Unit Owners utilizing the same septic system shall cooperate with each other with respect to the operations of the system. If a governmental entity or public utility makes available to the Unit Owners the right to hook into its common septic system to replace the private system, then if required by such entity or if both Unit Owners so desire, the Unit Owners shall hook up to the public system and abandon the private system. All costs and expenses associated with the foregoing shall be shared equally by the Unit Owners sharing the private system.

6.8 **Use of Common Elements.** All Owners (including their tenants and guests) may use the Common Elements allocated to serve their Units for the purposes for which the Common Elements are intended. Notwithstanding the preceding sentence, neither an Owner nor a guest may use any Common Element (exclusive of Limited Common Elements) in any manner that unreasonably interferes with the rights of other Owners in and to the Common Elements. Without limiting the generality of the foregoing, no Owner shall cause, or permit its tenants or guests to cause, waste to any Common Element. The Owners' rights to use the Common Elements are subordinate and subject to all of the rights and powers of the Association with respect to the Common Elements, including, without limitation, the Association's right and power to adopt rules regulating the use of the Common Elements."

END OF EXHIBIT F

EXHIBIT G
Encumbrances Against Title

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. MORTGAGE dated March 26, 2002, recorded as Document No. 2002-056954.
3. The terms and provisions contained in the DECLARATION OF RESTRICTIVE COVENANTS (PRIVATE PARK) dated December 26, 2007, recorded as Document No. 2008-006249.
4. MORTGAGE dated October 30, 2008, recorded as Document No. 2008-169173.
5. GRANT to HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN TELCOM, INC., dated November 24, 2008, recorded as Document No. 2008-183384, granting a right and easement for utility purposes over Parcel 2, as shown on map attached thereto.
6. MORTGAGE dated February 23, 2010, recorded as Document No. 2010-043923.
7. The terms and provisions contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "HALE MALUHIA" CONDOMINIUM PROJECT dated August 30, 2011, recorded as Document No. A-44200778. (Project covered by Condominium Map No. 5064 and any amendments thereto.)
8. The terms and provisions contained in the BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS dated August 3, 2011, recorded as Document No. A-44200779.
9. Real property taxes due and payable. For information contact the Real Property Assessment Offices, City and County of Honolulu.

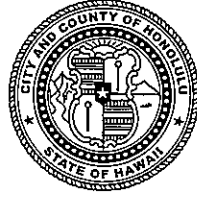
END OF EXHIBIT G

EXHIBIT H
Verified Statement from a County Official

END OF EXHIBIT H

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov



PETER B. CARLISLE
MAYOR

DAVID K. TANOUE
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

2011/ELOG-301(LT)

August 3, 2011

Jeremy A. Grad, Esq.
The Grad Law Firm
Davies Pacific Center, Suite 1800
841 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project
54-083 Hauula Homestead Road
Tax Map Key: 5-4-008: 002

This is in response to your letter dated February 3, 2011, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the three two-story two-family detached dwellings, with twelve all-weather-surface off-street parking spaces, met all applicable code requirements when they were constructed/alterd in 2008 on this 30,708-square-foot R-5 Residential-District-zoned lot.

Investigation also revealed the following:

1. On January 31, 2007, a cluster housing project (File No. 2006/CL-12) was approved with conditions for six dwelling units (three two-family detached dwellings).
2. On August 30, 2007, minor modifications to 2006/CL-12 were approved for increasing the floor area for Units A and B, altering the exterior building elevations, providing two 12.5-foot-wide driveways (one-way traffic), and showing the locations of the proposed aerobic systems (3).
3. On October 28, 2009, minor modification to 2006/CL-12 was approved for the revised landscape plan.
4. On May 16, 2008, a park dedication (File No. 2007/PARK-23) was granted approval for the proposed multi-family development project (6 units).

Jeremy A. Grad, Esq.
The Grad Law Firm
August 3, 2011
Page 2

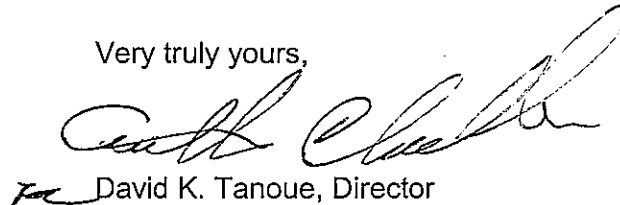
For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures, as a result of the adoption or amendment of any ordinance or code.

No variances or other permits were granted to allow deviations from any applicable codes.

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

If you have any questions regarding this matter, please contact Alex Sugai of our Commercial and Multi-Family Code Enforcement Branch at 768-8152.

Very truly yours,



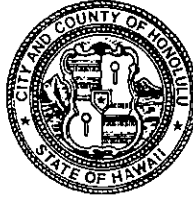
David K. Tanoue, Director
Department of Planning and Permitting

DKT:ft
[866939]

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
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PETER B. CARLISLE
MAYOR



DAVID K. TANOUE
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

2012/ELOG-278(TC)
2011/ELOG-2818
2006/CL-12

February 27, 2012

Mr. Jeremy A. Grad
The Grad Law Firm
841 Bishop Street, Suite 1800
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Request to Rescind Cluster Housing Permit
Cluster Housing Permit No. 2006/CL-12
Coburn Cluster - 6 Units
54-083 Hauula Homestead Road - Hauula
Tax Map Key 5-4-8: 2

We are pleased to inform you that your request (received February 8, 2012) to rescind the above Cluster Housing Permit for six dwelling units (three two-family detached dwelling units) is **APPROVED**.

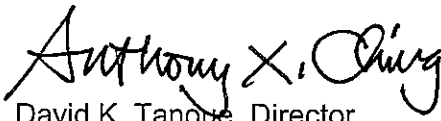
In pursuant with Ordinance 10-19, approved on September 2, 2010, a maximum of eight dwelling units may be placed on a single zoning lot in a residential district provided the zoning lot shall has a lot area equal to or greater than the required minimum lot size for the underlying residential district multiplied by the number of dwelling units to be placed on the lot, and the zoning lot shall be located with access to a street or right-of-way of sufficient access width as determined by the Director of DPP to assure public health and safety. Prior to September 2, 2010, a cluster housing permit was required to develop more than two dwellings on a lot in a residential district.

In the R-5 Residential District, three two-family detached dwellings may be developed on a lot with a minimum land area of 22,500 square feet. Since the zoning lot is 34,685 square feet in land area, six dwellings in three two-family dwelling structures are permitted and conforming. Further, Hauula Homestead Road is a right-of-way of sufficient access width, as determined by our Traffic Review Branch. Therefore, a cluster housing permit is no longer required.

Mr. Jeremy A. Grad
February 27, 2012
Page 2

We are also returning the application fee for the minor modification request. Should you have any questions or need additional information, please contact Anthony Ching of our Urban Design Branch at 768-8028.

Very truly yours,

for 
David K. Tanoue, Director
Department of Planning and Permitting

DKT:nw

Encl: Check No. 1663

Doc914442rev1

EXHIBIT I
Summary of the Pertinent Provisions of the Sales Contract

The Sales Contract consists of two documents: a Hawaii Association of Realtors ("HAR") Standard Form "Purchase Contract" ("**Purchase Contract**") and a document attached to the Purchase Contract which is entitled "Special CPR Provisions to the Purchase Contract" ("**Special Provisions**").

The Special Provisions are intended to amend the Purchase Contract, and unless the context would indicate clearly to the contrary, then in the event of any conflict between a provision contained in the Special Provisions and a provision contained in the Purchase Contract, the provision contained in the Special Provisions will prevail.

1. **Description of the Property to be Conveyed.** Fee simple title to the Property, together with the furnishings and appliances, if any, and the undivided interest in the common elements of the Project. Title will be conveyed subject to the encumbrances of record.

2. **Purchase Price and Terms.** The purchase price for the Property as set forth on page 2 of the Purchase Contract is to be paid in the method and at the times set forth in the Purchase Contract. This may include payment of (a) an initial deposit; (b) an additional cash deposit, if set forth in the Purchase Contract; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.

3. **Financing of Purchase.** Paragraph C-24 of the Purchase Contract (if elected) provides that if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Purchase Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.

4. **Closing and Other Costs.** Closing costs and escrow fees are to be shared in accordance with the Purchase Contract, except that Seller does have the option to require two (2) months advance payment of the Property's estimated share of common expenses for the Project and a start up expense for the Association of Unit Owners equal to two (2) months of the Property's estimated share of common expenses for the Project. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.

5. **Closing.** Seller has agreed to cause the Property to be sold to the Buyer within the time period set forth in the Purchase Contract.

6. **No Present Transfer and Subordination to Construction Loan.** (a) The Purchase Contract may be subject to existing and future blanket loans, and any security interest now or hereafter obtained by a lender of Seller is or will be prior and senior to any rights of the Buyer arising under the Purchase Contract. This obligation to subordinate the purchaser's right under the Purchase Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.

(b) Seller may also assign by way of security all of its interest in the Purchase Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in

the Purchase Contract, then the Buyer is obligated to perform the Purchase Contract, and to attorn to and recognize the Lender as the seller under the Purchase Contract.

(c) Notwithstanding that the Purchase Contract may be subordinate to a blanket lien, if the Buyer performs his obligations under the Purchase Contract, then Seller is required to convey the Unit to Buyer at closing free and clear of any blanket lien.

7. **Seller's Rights to Cancel Purchase Contract.** The Seller may cancel the Purchase Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan; (b) Buyer defaults under the Purchase Contract; (c) Buyer dies prior to Closing Date; or (d) the Developer's Public Report shall not have been issued and Buyer shall not have waived his right to cancel ("Effective Date"). Pursuant to the Special Provisions, if Buyer fails to close as required, then in the case only of non-monetary default after ten (10) days following Seller's notice of Buyer's default or otherwise without notice as to monetary defaults, the Seller may cancel the Purchase Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.

8. **Rights of Buyer to Cancel the Purchase Contract.** The Buyer has the right to cancel the Purchase Contract under the following conditions:

(a) At any time within thirty (30) days following the date the Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits. If Buyer does not act within the thirty (30) day period, or if the Property is conveyed to the Buyer, Buyer will be deemed to have executed the receipt for the Public Report and to have waived his right to cancel.

(b) Buyer may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Property or the amenities available for the Buyer's use. If so, Buyer will be entitled to receive refunds of any deposits, less escrow cancellation fees and other costs up to \$250.

(c) Buyer fails to qualify for permanent financing (if Paragraph C-24 of the Purchase Contract has been selected).

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges having received (a) a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, and that the Developer's Public Report includes the report itself, the Project's recorded Declaration and Bylaws, House Rules (if any), a letter-sized Condominium Map for the Project (provided, that where it is impractical to include a letter-sized Condominium Map, Buyer shall have an opportunity to examine the Map), and all amendments; and (b) a notice of the Buyer's thirty-day cancellation right on a form prescribed by the Real Estate Commission. Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Purchase Contract and Special Provisions.

END OF EXHIBIT I

EXHIBIT J
Summary of the Pertinent Provisions of the Escrow Agreement
(Between Developer and Title Guaranty Escrow Services, Inc.)

1. **All deposits will be Paid to Escrow.** A copy of each Sales Contract and all payments made to purchase a Unit shall be turned over to the Escrow Agent. Any interest earned on funds deposited in escrow shall accrue to the credit of the Developer; except that, if Escrow is requested to establish a separate account for a purchaser, the purchaser shall pay Escrow a fee of \$25.00 for each such separate account and shall furnish Escrow the purchaser's social security or federal identification number, and any interest earned on funds deposited in such account shall accrue to the credit of the purchaser.

2. **Conditions to be Met Prior to Disbursement.** No disbursements of funds held in escrow with respect to a sales contract shall be made unless and until the following conditions have been fulfilled:

(a) The Real Estate Commission shall have issued an effective date of the Developer's Public Report on the Project;

(b) The purchaser shall have been given and shall have acknowledged receipt of (1) a copy of said Public Report and (2) notice of purchaser's thirty-day cancellation right upon a form prescribed by the Real Estate Commission; and

(c) The purchaser shall have waived the right to cancel or be deemed to have the right to cancel, in accordance with Section 514B-86 of the Act; and

(d) The Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

At the request of Escrow, Developer's attorney shall delivered a written opinion to Escrow that the foregoing conditions shall have been complied with and the purchaser's sales contract has become effective.

3. **Return of Funds and Documents.** A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of any option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) A purchaser shall have exercised his thirty-day cancellation right to rescind the sales contract pursuant to Section 514B-86 of the Act; or

(d) In the event of a material change in the Project, a purchaser shall have exercised his thirty-day cancellation right to rescind the contract pursuant to Section 514B-87 of the Act.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation up to a maximum of \$250.00) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

4. **Purchaser's Default.** Developer shall give notice in writing to Escrow of the occurrence of each event which initiates an obligation of a purchaser to make a payment to Escrow pursuant to the sales contract as well as notice of the amount and due date of such payment. Escrow shall thereupon promptly give the purchaser notice of the amount and due date of such payment. If the purchaser fails to make such payment to Escrow on or before the due date thereof or if the purchaser fails to perform in any matter which is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Developer has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Developer and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by Developer. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer the sales contract of such purchase and any other documents theretofore delivered by Developer to Escrow, and shall return other documents theretofore delivered to Escrow in connection with the purchase of the unit to the person from whom, or entity from which, such documents were received; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

END OF EXHIBIT J

EXHIBIT K
Estimate of the Initial Maintenance Fees
and
Estimate of Maintenance Fee Disbursements

PROJECT: HALE MALUHIA
 54-083 Hauula Homestead Road
 Hauula, HI 96717

The Developer hereby certifies:

1. The estimates of initial maintenance fees and maintenance fee disbursements are more fully described on the following attached pages.

(Note that although the Project will be initially self-managed, the attached estimate of maintenance fee disbursements includes items for management fees, as it is likely that the Project will employ a corporate managing agent following the transfer of all of the Units.)

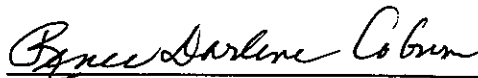
2. The estimates are based on generally accepted accounting principles.

(Note that Developer has conducted a reserve study in accordance with Chapter 514B-148 HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.)

3. OBLIGATION TO PAY COMMON EXPENSES. A Unit Owner shall become obligated to start paying the Unit Owner's share of common expenses thirty (30) days after receiving written notice from the Developer or their successor.



RICHARD STUART COBURN, Trustee of the
Coburn Family Trust, dated March 29, 1990



RENEE DARLENE COBURN, Trustee of the
Coburn Family Trust, dated March 29, 1990

"Developer"

Estimate of Initial Maintenance Fees:

Apartment Type	Monthly Fee	X 12 Months	= Yearly Total
5 Units, PCI 16.66%	\$ 379.85		\$ 4,558.20
1 Units, PCI 16.70%	\$ 380.76		\$ 4,569.12

Unit Owners shall not be obligated for the payment of their respective shares of the common expenses until such time as the Developer files with the Real Estate Commission an amended abstract providing that, commencing upon a date certain stated in the amended abstract, each Unit Owner shall become obligated to pay his respective share of the common expenses.

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements: For maintenance and service of the Common Elements only. The following was prepared on a cash accrual basis.

	Monthly Fee	X 12 Months = Yearly Total
Utilities and Services		
Common Electricity*	\$40.00	\$480.00
Maintenance, Repairs and Supplies		
Building Repairs	\$100.00	\$1,200.00
Grounds Contract	\$200.00	\$2,400.00
Plumbing Repairs	\$50.00	\$600.00
Septic System Clean Out	\$113.00	\$1,356.00
Administrative		
Property Mgmt-Contract	\$417.00	\$5,004.00
Property Mgmt – Admin Costs	\$80.00	\$120.00
Administrative Supplies	\$10.00	\$120.00
Audit/Tax Fees	\$15.00	\$180.00
GET Taxes	\$1.00	\$12.00
Insurance		
Condominium Insurance Package	\$346.00	\$4,152.00
General Liability	\$48.00	\$576.00
Fidelity Bond	\$26.00	\$312.00
Umbrella	\$82.00	\$984.00
Directors Officer & Liability	\$65.00	\$780.00
Other: Miscellaneous	\$20.00	\$240.00
Reserves **	\$667.00	\$8004.00
TOTAL	\$2,280.00	\$27,360.00

* All units have separate meters for both electricity and water. However, electricity to serve each septic system (each being a limited common element) in the Project is billed to one of the two Units serviced by a septic system. The Unit Owner to whom such charge is made is entitled to be reimbursed 50% by the other Unit Owner.

Similarly, Unit 54-083 is initially billed for the electricity servicing the three carports (each being a limited common element) in the Project. The Owner of Unit 54-083 is entitled to be reimbursed 1/9th of the amount of electricity charged per each stall used by a Unit Owner within the carports.

The Managing Agent will be responsible for determining the amount of billing for electricity allocated for the septic systems and carports and then, allocating the costs among the Unit Owners to which the carports are limited common elements.

**** Mandatory reserves assessment and collection in effect beginning 1994 budget year.**

END OF EXHIBIT K